Manitoba Lotteries Corporation

Mission

Manitoba Lotteries' Mission is to provide a fun and entertaining gaming experience in a socially responsible manner to generate benefits for all Manitobans.

For Further Information Contact:

Manitoba Lotteries Corporation
830 Empress Street
Winnipeg, Manitoba
R3G 3H3

(204) 957-2500
www.mlc.mb.ca

Toll Free 1-800-782-0363

THIRD QUARTER REPORT

FOR THE NINE MONTHS ENDED
DECEMBER 31, 2012
(UNAUDITED)

MANITOBA LOTTERIES CORPORATION
OPERATIONAL HIGHLIGHTS

Manitoba Lotteries Corporation's consolidated net income and comprehensive income for the nine months ended December 31, 2012 was $238.4 million, a decrease of $20.5 million from the same period last year. This change is due to decreases of $11.3 million in Video Lotto, $7.9 million in the Casinos and $1.3 million in Lottery.

Revenue, net of cost of sales, decreased $20.3 million from the same period last year while the share of profit of Western Canada Lottery Corporation increased $3.3 million. On the expenditure side, operating expenses increased $2.3 million; depreciation and amortization, GST expense and interest expense net of interest income increased $4.1 million; and allocations and payments decreased $2.9 million.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, unaudited)
Nine Months Ended December 31st

	2012				2011
	Video Lotto	Casinos	Lottery	Total	Total
Revenue					
Revenue	$ 235,319	$ 173,970	$ 2,093	$ 411,382	$ 429,872
Cost of sales	23,990	9,654	3,909	37,553	35,722
	211,329	**164,316**	**(1,816)**	**373,829**	**394,150**
Expenses					
Operating	19,625	70,097	7,877	97,599	95,258
Depreciation and amortization	2,873	20,100	-	22,973	18,765
Goods and Services Tax	1,413	1,077	117	2,607	2,394
	23,911	**91,274**	**7,994**	**123,179**	**116,417**
Operating Income	**187,418**	**73,042**	**(9,810)**	**250,650**	**277,733**
Share of profit of Western Canada Lotteries Corporation	-	-	54,519	54,519	51,197
Interest expense on long-term debt	(979)	(3,852)	(121)	(4,952)	(5,375)
Interest income	130	41	13	184	249
Income before Allocations and Payments	**186,569**	**69,231**	**44,601**	**300,401**	**323,804**
Allocations and Payments	56,688	4,737	546	61,971	64,906
Net Income and Comprehensive Income	**$ 129,881**	**$ 64,494**	**$ 44,055**	**$ 238,430**	**$ 258,898**

Notes to the Consolidated Financial Statements

1. These interim consolidated financial statements should be read in conjunction with Manitoba Lotteries' 2011-12 Annual Report.
2. These interim consolidated financial statements have been prepared following the same accounting policies that are disclosed in the Manitoba Lotteries' Annual Report.
3. Comparative operational information has been reclassified to conform to the presentation of the current year consolidated financial results.

MANITOBA LOTTERIES CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands, unaudited)
December 31st

	2012	2011
ASSETS		
Current Assets		
Cash	$ 39,465	$ 26,886
Trade and other receivables	17,174	16,115
Inventories	1,476	1,428
Prepayments	4,223	4,325
	62,338	48,754
Property and Equipment, and Intangible Assets	254,197	174,788
	$ 316,535	**$ 223,542**
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	$ 78,720	$ 36,535
Payable to the Province of Manitoba	7,430	21,898
Current portion of long-term debt	12,039	11,855
	98,189	70,288
Long-term Debt	211,873	147,367
Provision for Employee Pension Benefits	1,473	887
Equity	5,000	5,000
	$ 316,535	**$ 223,542**